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TELEGRAM

EXCISE

CONFIDENTIAL 816

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ACTION AF-05

INFO OCT-01 SS-20 OEP-01 EUR-12 E-04 L-02 INR-07 CIAE-00
NSAE-00 PRS-01 NSC-10 NSCE-00 H-01 PM-03 RSR-01 RSC-01
/069 W

DEPARTMENT OF STATE A/CDC/MR
104940
REVIEWED BY _____ DATE 8/7/81
PORTIONS DENIED AS INDICATED

R 300925Z SEP 70
FM AMEMBASSY TRIPOLI
TO AMEMBASSY LAGOS
INFO SECSTATE WASHDC 6963
AMEMBASSY LONDON

C O N F I D E N T I A L TRIPOLI 2357

LIMDIS

SUBJECT : IMPLICATIONS OF LIBYAN OIL SETTLEME
AS FBM#

NIGERIAN PRODUCERS

1. BECAUSE OF "MOST FAVORED AFRICAN NATION" CLAUSES, WHICH WE UNDERSTAND ARE FEATURE OF NIGERIAN CONCESSION AGREEMENTS, NEW FINANCIAL TERMS ADOPTED BY TEXACO AND SOCAL IN LIBYA SEPTEMBER 28, EFFECTIVE AS FROM SEPTEMBER 1, SEETE CERTAIN TO AFFECT SITUATION OF THESE COMPANIES IN NIGERIA. PRICE TERMS ARE SAME AS FOR OCCIDENTAL (TRIPOLI 2171 AND 2203) AND OASIS (STATE 155377). IN ADDITION TO 30 CENT INCREASE IN POSTED PRICE, 2 CENT PRICE ESCALATION ANNUALLY FOR 5 YEARS AND CHANGE IN GRAVITY ALLOWANCE FORMULA, TEXACO AND SOCAL AGREED TO ELIMINATE 5 CENT "QUALITY DISCOUNT" APPLIED TO THEIR WAXY, HIGH-POUR POINT CRUDE. THUS, POSTING IN-CREASED FROM $2.10 TO $2.47 FOR 36 DEGREE GRAVITY CRUDE. INCOME TAX RATE, IN CASE OF TEXACO AND SOCAL, INCREASED FROM 50 TO 55 PER CENT AND IS INTENDED TO RECOVER, OVER 7.5 YEARS, APPROXIMATELY $75 MILLION DUE FROM RETROACTIVE APPLICATION OF PRICE TERMS TO JANUARY 1965. TAX RATE INCREASE, HOWEVER, IS FOR LIFE OF CONCESSION.

2. [redacted] B4

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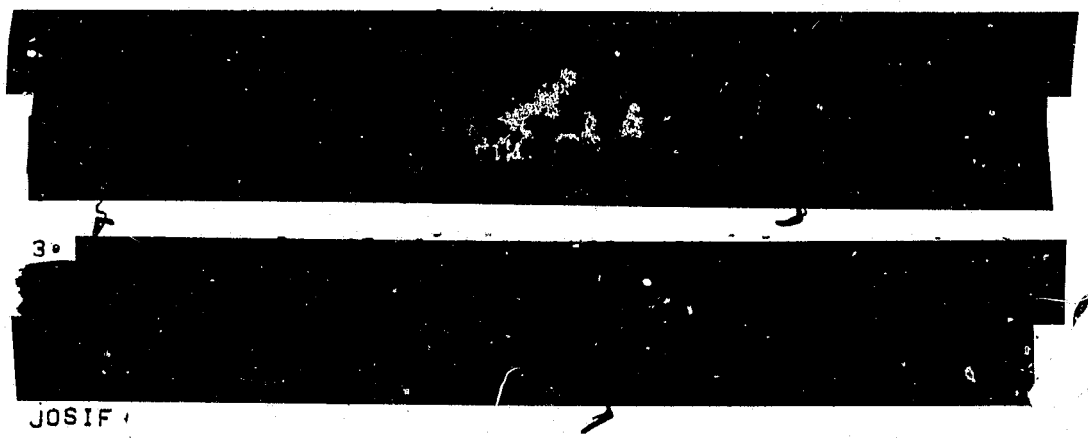

3.

JOSIF

NOTE: #AS RECEIVED. WILL BE SERVICED UPON REQUEST.

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